

August 22, 2007

Ms. Karen Rhinehart
Office of State Budget
1201 Main Street, Suite 870
Columbia, South Carolina 29201

RE: Fiscal Year 2008 - 2009 Budget Plan

Dear Ms. Rhinehart:

Please find enclosed ten printed copies of the State Ethics Commission's Fiscal Year 2008-2009 Budget Plan. The plan has also been submitted to you by e-mail at krhinehart@budget.sc.gov.

The State Ethics Commission would like to continue Provisos 82.1, 82.2, 82.3, and 82.4 as written.

If you have any questions or need additional information, please feel free to contact me.

Sincerely,

Herbert R. Hayden, Jr.
Executive Director

HRHjr:arf

Enclosures: Ten Printed Copies

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: **Section 82/R52/State Ethics Commission**

B. **Statewide Mission:** The State Ethics Commission is an agency of state government responsible for the enforcement of the Ethics Reform Act of 1991 to restore public trust in government. The Commission carries out this mandate by conducting criminal and administrative investigations of violations of the state's ethics laws; prosecuting violators through the Attorney General's Office and circuit solicitors; ensuring compliance with the state's laws on financial disclosure, lobbyist/lobbyist's principal disclosure and campaign disclosure, and prosecuting those not in compliance; regulating lobbyists and lobbying organizations; issuing advisory opinions interpreting the statute; and educating public officeholders and the public on the requirements of the state's ethics laws.

C. Summary Description of Strategic or Long-Term Goals:

(1) **Electronic Filing - A continued key strategic goal is the implementation of an electronic filing system of all documents received by the Commission. Electronic filing will allow for timelier filing and reduce incomplete filings thus reduce repetitive auditing of forms by staff. Electronic filing will provide almost immediate access to information to all Commission customers. In accordance with Section 8-13-365, the Commission must establish a system of electronic filing for all disclosures and reports required pursuant to Article 13 of Chapter 13 of Title 8 from all candidates and entities subject to its jurisdiction. Pursuant to Act 76 of 2003, the Commission was mandated to have the electronic filing system fully implemented no later than January 2006. The State Ethics Commission has a Phase I in place for statewide candidates. The Commission is in the process of implementing Phase II which can be used by all candidates with an estimated implementation date of October 2007. Funding will be needed for temporary employees to assist with data entry for any paper forms which are received.**

D.

[illegible]

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above <i>(if applicable)</i> : Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$70,000	\$ 0	\$ 0	\$ 0	\$70,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$ **583,496**
Federal\$
Other \$ **225,512**

- F. Efficiency Measures: **The Commission, in collaboration with SCI, had a phase one electronic filing system in place for the January 2006 quarterly filing deadline for all statewide candidates. This abbreviated system has been a tremendous tool in the efficient disclosure of information to the public. Staff has continued to work with SCI on a full-blown electronic filing system for all disclosure documents presently filed with the Commission, as well as the Legislative Ethics Committees. The Commission's web-site continues to be the sole source of all forms and much other information. Staff began a major re-vamp of the web-site with SCI in FY06 and completed a new and more user-friendly web-site in FY2007.**

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: **0**

I. Signature/Agency Contacts/Telephone Numbers:

Herbert R. Hayden, Jr.
Executive Director
803-253-4192

Ami R. Franklin
Executive Assistant
803-253-4192

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 82/R52/State Ethics Commission**

B. Priority No. **1 of 1**

C. (1) Title: **Administration**

(2) Summary Description: **Funding is needed for temporary positions to assist the disclosure department with entering any reports which are filed using paper rather than the electronic filing system.**

(3) Strategic Goal/Action Plan (*if applicable*): **The Commission plans to introduce legislation that would mandate electronic filing for all candidates. This would eliminate the future need of entering any paper copies of forms.**

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **1423 Campaign Finance**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **Currently electronic filing is mandated only for statewide and legislative candidates; however, the legislative intent at the time Section 8-13-365 was enacted was to include all candidate filings. Those forms which are filed electronically are mandated to be available for review immediately. The Commission currently receives approximately 20,000 forms annually, and less than 100 of those forms are mandated to be filed online. It is the Commission's intent to have all filings entered into the electronic filing system and made available for online review as quickly as possible.**

The system will allow any candidate with access to a personal computer to file online; however, it is unreasonable to assume that all candidates with access will utilize the system immediately. Therefore, it will be necessary for the Commission staff to provide data entry for all hard copy forms which are filed. The Commission does not currently have the staff to accomplish such a large task; therefore, for the first twelve to twenty-four months, it will be necessary to utilize temporary employees through the State Office of Human Resources Tempo program.

With a strong effort to educate all public officials on the availability and benefit of filing online, the number of forms which the Commission staff enters should decrease after the first twelve to eighteen months, therefore, reducing the number of

temporary employee hours. The original appropriation for electronic filing has and is being used to provide IT expertise through the State CIO office during the development and implementation of Phases I and II, and will be used to cover the initial costs associated with the temporary employees for the remainder of fiscal year 2008. These funds will not be sufficient to cover the costs of temporary employees for fiscal years 2009 and 2010.

Hopefully, by the end of fiscal year 2010 a majority of public officials will be filing online, and the need for data entry by the Commission will be reduced to a minimal amount which full time staff can manage. At that time it will no longer be necessary to provide this funding.

This item is considered high priority since it will enable immediate online access of all candidate information. Inability to provide immediate online disclosure and review will cause the Commission to fail to meet its mandated responsibilities as required by Section 8-13-365.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service		\$70,000			\$70,000
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$70,000	\$ 0	\$ 0	\$ 0	\$70,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$	583,496
Federal	\$	
Other	\$	225,512

(4) Is this priority associated with a Capital Budget Priority? **No** If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State 11
Federal 0
Other 0

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name:
- B. Priority No. ____ of ____
- C. Strategic Goal/Action Plan *(if applicable)*:
- D. Project Name and Number *(if applicable)*:
- E. Agency Activity Number and Name:
- F. Description of Priority:
- G. Detailed Justification for Funding

(1) Justification for Funding Priority:

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*				\$ 0

** If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs (*If Section H above represents a full year's operating funds, do not complete this section.*)

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: **Section 82/R52/State Ethics Commission**

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1426 Administration	\$330,063	0	0	0	\$219,151	\$549,215	3.70
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF HIGHEST PRIORITIES	\$330,063	\$ 0	\$ 0	\$ 0	\$219,151	\$549,215	3.70

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

- A. **Agency Section/Code/Name:** Section 82/R52/State Ethics Commission
- B. **Agency Activity Number and Name:** **1422 Lobbying Activities**
- C. **Explanation of Lowest Priority Status:** **All activities are mandated by statute.**
- D. **Estimate of Savings:**

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	.70	0	0	0	0	.70
(b) Personal Service	\$28,218		0	0	0	\$28,218
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$28,218	\$ 0	\$ 0	\$ 0	\$ 0	\$28,218

- E. **Activity Impact** (*Describe the impact on the activity affected including the impact on customers and clients.*):

Since all activities for the State Ethics Commission are mandated by statute, eliminating the Lobbying Activities program would have a tremendous effect on customers and clients. According to statute, all Lobbyists and Lobbyist's Principals must register with the State Ethics Commission and file disclosure statements twice a year. If this program is eliminated, there would not be any staff to receive the registrations and disclosure statements and maintain all of the filings. This would prohibit full disclosure to the public for lobbying activities.

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1422 Lobbying Activities	\$28,218	0	0	0	0	\$28,218	.70
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$28,218	\$ 0	\$ 0	\$ 0	\$ 0	\$28,218	.70